A STUDY ON SUSTAINABILITY REPORTING PRACTICES IN INDIAN AND GLOBAL COMPANIES WITH SPECIAL REFERENCES TO THE PETROLEUM COMPANIES

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ABSTRACT

Purpose: This paper examined and compared the sustainability reporting practices in the selected petroleum companies in the NSE nifty index companies and FORTUNE 50 companies.

Design/methodology/approach: 5 NSE nifty index companies and 5 FORTUNE 50 petroleum companies’ two years i.e. financial year 2011-2012 & 2012-2013’s Sustainability Reports have been taken for study. These reports have been examined on the basis of GRI (global reporting initiatives indicators’ checklist.

Findings: All the NSE Nifty sample companies’ sustainability reporting disclosing practices were very good in both years. All the NSE Nifty sample companies were disclosing more than 83% items to 96% items in both the years, excepting BPCL for one year. Global Fortune 50 sample companies disclosing practices were not very good as compare to all the NSE Nifty sample companies. Global Fortune 50 sample companies average disclosing practices were less and Standard deviation were more for both the years. But hypothesis were accepted.

Practical implication: This study provided the comparison of sustainability reporting practice between Indian and Global petroleum companies. This study will provide the evidence to the different stakeholder of global petroleum companies to pressure them and make them more responsible about sustainability reporting. In other words improving their sustainability development activity. Other researcher can compare their sustainability reporting practice in other industry with petroleum industry.

Originality/Value: This study is the one of few studies which has compared the sustainability reporting practice between Indian and Global companies with reference to the petroleum industry.

Keywords: NSE Nifty; Global Fortune; Sustainability; Reporting; GRI

INTRODUCTION

Sustainable development has been defined by the different people in the different sense, but most important it has been defined under the Brundtland Report under the head Our Common Future. It stated “Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

The Global Reporting Initiative (GRI) is a leading organization in the sustainability field. GRI promotes the use of sustainability reporting as a way for organizations to become more sustainable and contribute to sustainable development. GRI has defined the following terms and benefits of sustainability reporting.

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A sustainability report is a report published by a company or organization about the economic, environmental and social impacts caused by its everyday activities. A sustainability report also presents the organization’s values and governance model, and demonstrates the link between its strategy and its commitment to a sustainable global economy.

Sustainability reporting helps organizations to measure the impacts they cause or experience, set goals, and manage change. A sustainability report is the key platform for communicating sustainability performance and impacts – whether positive or negative.

An effective sustainability reporting provides the following benefits to all reporting organizations.

Benefits of sustainability reporting: sustainability reporting provides internal as well as external benefits. These benefits are the following: sustainability reporting motivates the organisation to find out the risk in the long term and to meet out risk and their effect on cost as well as on revenue. It enhances the goodwill among the different stakeholder and solves their problem regarding the organisation and improves their rights and condition in the organisation.

Stakeholders under sustainability reports: on the basis of the different companies’ sustainability reports it has been found out that they deals with the following stakeholders: Shareholders, Investors, Government and different regulatory bodies, Employees, Customers, Communities, Business partners and contractors, Media, Academic institution, Suppliers, Industry association, NGOs. These stakeholders directly or indirectly affect the companies or vice-versa.

OBJECTIVES OF THE STUDY

This study has been conducted on the following objectives:

1. To examine the sustainability reporting practice according to the GRI Index in the selected Indian NSE nifty petroleum companies and Global fortune 50 petroleum companies.

2. To compare the sustainability reporting practice according to the GRI Index in the selected Indian petroleum companies and Global petroleum companies

RESEARCH METHODOLOGY

To attaining these objectives 5 NSE nifty index companies and 5 FORTUNE 50 petroleum companies’ two years i.e. financial year 2011-2012 & 2012-2013’s Sustainability Reports have been taken for study. These reports have been examined on the basis of GRI (global reporting initiatives indicators’ checklist. Checklist consists 132 items related with the different heads. Average, bar diagram, Standard deviation and percentage tools have been used in this study. For testing the hypothesis t-test have been used.

Analysis and Interpretation of GRI Discloser Practices

1. Disclosing of Strategy & Analysis: under GRI two items are required for disclosing under this head. These items relate with the top level management addresses for the sustainability reporting and approach for achieving it. This study have been found out that all the selected Indian petroleum companies and selected global fortune 50 companies disclosed both the items. There were not changes in the disclosing practice in both years and both group selected companies.

2. Disclosing of Organization Profile: This head contains 10 items. These items related with the organization name, products and brands, head office, countries of operation and operation structure and major changes etc. all the Indian sample petroleum companies disclosed 100% item in both the years. There were no changes in disclosing practices in both years. But the global sample petroleum companies disclosing were not good as compare to the Indian sample companies. Four global sample companies reporting practice were same as Indian sample companies except one that is Exxon Mobile Corporation. This company did not disclose
market served and major changes to operation in 2011-12 and major changes to operation in 2012-13.

3. **Report Parameters:** this head measure the information about the report, which have been provided to the different stakeholder. Report’s date, cycle, period, responsible person for it and changes etc. this head measured the information on 13 elements basis. This study have found out that

**No. of items disclosed**

- 4 NSE Nifty sample companies disclosed 100% items means all 13 items in the year 2012-13 and 3 Indian sample companies in the year 2011-12. One sample company name is ONGC have not disclosed two items in the year 2012-13. These items were basis of reporting for joint-venture and changes in the reporting as compare to the previous year. ONGC were not disclosed these same items in the previous year, other than this IOCL also did not disclose two items. These were basis of reporting for joint-venture and restatement of information.

- 3 Global Fortune 50 sample companies in the year 2012-13 and 4 global sample companies in the year 2011-12 disclose all the items. Two companies namely Exxon mobile corporation and China national petroleum 8 and 12 items respectively in the year 2012-13. Exxon Mobile Corporation did not disclose 4 items in year 2011-12.

- It is found out that NSE Nifty sample companies disclosing practice were good as compare to the Global Fortune 50 sample companies. Indian sample companies disclosing practice have been increased as compare to the previous year. But Global Fortune 50 sample companies disclosing practices have been decreased from the previous year.

4. **Governance, Commitments & Engagement:** this head includes 17 items for evaluating the corporate governance, commitment of the board of directors and executives and engagement of these authorities.
All NSE Nifty sample companies in year 2012-13 and 4 Indian sample companies in year 2011-12 disclosed all the items of this head. Only one company that is Hindustan petroleum did not disclose about procedure for the highest governing body, precautionary approach and basis of identification in the year 2011-12.

3 Global Fortune 50 sample companies disclosed all 17 items in the year 2012-13. China national petroleum disclosed 16 items and Exxon Mobile Corporation disclosed 15 items in the year 2012-13. Only two global sample companies disclosed all items in the year 2011-12. China national petroleum did not disclose one item that is evaluating board performance management system and Exxon mobile did not disclose internal mission and value system and basis for identification in the year 2011-12. Chevron disclosed only 10 items in the year 2011-12 and that is the only 59% of total items and least among the sample companies.

On the basis of this head NSE Nifty sample companies disclosing more items as compare to the Global Fortune 50 sample companies. Indian companies have increased the disclosing items as compared to the previous year. Global Fortune 50 sample companies also increased disclosing practice but two companies remain same as compared to the previous year.

5. **Disclosure of Management Approach – Aspects**: this head includes 6 items. These items are Economic, Environment, Labour practice, Human right, Society and Product responsibility. This head cover the discloser of these six items as per requirement of the GRI index. This head focus on the sustainability areas of the companies. This study has found out that all sample companies disclosed all the items in both the year.

6. **Discloser of Economic Performance Indicator**: under GRI index this head includes 9 items from EC-1 to EC-9. This head focus on the economic performance indicators like revenue, cost, wages, sustainability of economic condition from the different risk and opportunities.
No. of items disclosed

- 3 NSE Nifty sample companies out of 5 sample companies disclosed all the items as per requirement of the GRI in the year 2012-13. BPCL and IOCL disclosed 8 and 7 items respectively in the year 2012-13. It means that BPCL did not disclose about the wages and its comparison and IOCL did not disclose about the risk and opportunity from climate change and hiring of top management from local in the year 2012-13. In the year 2011-12 two Indian sample companies disclosed all items and two sample companies disclosed 7 items and one company that is IOCL disclosed 8 items in the year 2011-12.

- As NSE Nifty sample companies 3 Global Fortune 50 sample companies disclose all the items in the year 2012-13. Statoil and Exxon mobile companies disclosed 7 and 6 items respectively in the year 2012-13. In the year 2011-12, 9 and 7 items were disclosed by the two sample companies. Least items were 5 items were disclosed by the statoil.

- NSE Nifty sample companies disclosing practice is better as compare to the Global Fortune 50 sample companies. According to the descriptive statistics Indian sample companies average disclosed were 8.4 items and 8 items and standard deviation were .89 and 1 respectively for the year 2012-13 and 2011-12. Global sample companies average disclosed were 8 items and 7.4 items and standard deviation were 1.41 and 1.61 respectively for the year 2012-13 and 2011-12. On the basis of the above data it can be conclude that NSE Nifty sample companies disclosing practice is better as compare to the Global Fortune 50 sample companies.

7. **Disclosing of Environmental Performance Indicators:** GRI require 30 items information to measure the sustainability activity of companies towards environmental performance. Environmental performance indicators include information about material, energy, water, biodiversity, emission, product and service etc. those effect environment.
No. of items disclosed:

- No one NSE Nifty sample companies disclosed all the items of the environmental in both the years. IOCL and RIL disclosed 28 items, HP disclosed 25 items, ONGC disclosed 24 items and BPCL disclosed only 22 items in the year 2012-13. In the year 2011-12 RIL disclosed 29 items, HP disclosed 26 items, IOCL and ONGC disclosed 23 items and least items disclosed by the BPCL. BPCL only disclosed 21 items means 70% of total items (30).

- Petrobras was the single global sample company which disclosed all items of this head in both the year. Second largest items disclosed by the Chevron. Chevron disclosed 27 and 23 items in the years 2012-13 and 2011-12 respectively. Exxon mobile disclosed 22 and 20 items and CNP disclosed 19 and 21 items in the years 2012-13 and 2011-12 correspondingly. Least items that were 30% of the total items disclosed by the statoil in the year 2012-13.

- NSE Nifty sample companies disclosing practice were far better as compare to the global sample companies. Indian sample companies average disclosing were 25.4 & 24.4 items and standard deviation were 2.60 & 3.13 disparately in the years 2012-13 and 2011-12. These figures are showing that Indian companies disclosing practice were increasing in trend. Global Fortune 50 sample companies’ average disclosed items were only 21.5 and 22 individually for the years 2012-13 and 2011-12. Standard deviation were also bad as 8.14 and 5.14 for the years 2012-13 and 2011-12.

8. **Disclosing of Labour Practices and Decent Work Performance Indicators:** GRI required 15 items information for checking the sustainability performance of companies towards the labour practices and decent work performance. This head includes the information of the companies towards the employment, labour relation, health and safety, training and education diversity and equality.
In the year 2012-13 RIL and ONGC disclosed 14 items. These two companies did not disclose the Return to work and retention rates after parental leave, by gender. HP disclosed 13 items. IOCL and BPCL disclosed 12 items each. The items which were not disclosed by the companies were Rates of injury, occupational diseases, lost days, absenteeism, and number of work-related fatalities by region and Health and safety topics covered in formal agreements with trade unions in the year 2012-13. HP and RIL disclosed all the items in the year 2011-12. ONGC and IOCL disclosed 14 & 13 items corresponding in the year 2011-12. Least items disclosed by the BPCL in the year 2011-12. Companies did not disclose about the Return to work and retention rates after parental leave, by gender, and Percentage of total workforce represented in formal joint management worker health and safety committees in the year 2011-12.

Highest 14 items disclosed by Petrobras, 11 items disclosed by the Exxon mobile, CNP and Chevron and least items means less than 50% items disclosed by the Statoil in the year 2012-13. Items which were not disclosed by the companies were Return to work and retention rates after parental leave, by gender, Programs for skills management and lifelong learning, Rates of injury, occupational diseases, lost days, absenteeism, and number of work-related fatalities by region and Minimum notice period(s) regarding operational changes etc. in the year 2012-13. Same disclosing practices were followed by the companies in the previous year excepting one or two items.

NSE Nifty sample companies average disclosing were 13 & 13.2 items and SD were 1 & 2.48 individually for the year 2012-13 and 2011-12. Global sample companies average disclosing were 10.8 items for both the years and SD were 2.48 & 2.16 correspondingly for the year 2012-13 and 2011-12. On the basis of above data it can be concluded that Indian companies disclosing practice were good as compare to the Global Fortune 50 sample companies.

9. **Disclosing of Human Rights Performance Indicators:** according to the GRI 11 items information required for evaluating sustainability activities of the companies towards human rights. Under this head company have to give the information about the non-discrimination, child labour, prevention of forced and compulsory labour and security practices etc.

BPCL disclosed all the items, IOCL disclosed 10 items and HP, ONGC and RIL each disclosed 9 items in the year 2012-13. These companies did not disclose about the Total hours of employee training on policies and procedures concerning aspects of human rights, Percentage and total number of operations that have been subject to human rights reviews and
Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanism for the year 2012-13. 11 items disclosed by the RIL, HP 9 items, IOCL 8 items and ONGC & BPCL each disclosed 7 items in the year 2011-12. Same items were not disclosed by the sample companies but numbers of companies were more in year 2011-12.

No. of items disclosed:

- All the items were disclosed by the Petrobras, Statoil & Exxon mobile each 8 items, CNP 7 items and Chevron disclosed less than the 40% items in the year 2012-13. In the year 2011-12 were the more or less same practice except the Chevron.
- NSE Nifty sample companies disclosing practice well as compare to the Global Fortune 50 sample companies. Indian sample companies average disclosed items were 9.6 & 8.4 and SD were .89 & 1.67 respectively for the years 2012-13 and 2011-12. Global sample companies average disclosed items were 7.6 & 8.6 and SD were 2.54 & 1.94 respectively for the years 2012-13 and 2011-12. It indicates that Global sample companies disclosing practice have been decreased as compare to previous year.

10. **Disclosing of Society Performance indicators**: for checking the sustainability reporting practice according to GRI, companies have to provide the information on the 10 items. These items relates with the society, corruption, public – policy and anti-competitive behaviour.

No. of items disclosed:

- IOCL & HP disclosed all items, ONGC & RIL disclosed 8 items and BPCL disclosed 5 items for the year 2012-13. Companies did not disclose about the Operations with significant potential or actual negative impacts on local communities and Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities in the year 2012-13. In the year 2011-12, IOCL, HP, ONGC, and RIL each disclosed 8 items. BPCL disclosed the least one item.
- All the Global Fortune 50 sample companies disclosing practice were same for both the year. 4 sample companies disclosed more than the 8 items. Companies did not disclose about the Operations with significant potential or actual negative impacts on local communities and Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities in both the year.
- Average disclosing of NSE Nifty sample companies and Global Fortune 50 sample companies were 8.2 & 6.6 and 8 & 8.2 correspondingly for the year 2012-13 and 2011-12. Standard deviations were 2.04 & 3.13 and 1.87 & 1.48 for the year 2012-13 and 2011-12 for the Indian and global companies corresponding. On this basis it can be conclude that global sample companies disclosing practice were good.
11. **Disclosing of Product Responsibility Performance Indicators:** This head includes the information about customer health and safety, marketing communication and customer privacy. Under this head companies have to disclose 9 items.

**No. of items disclosed:**

- **NSE Nifty sample companies**
  - Disclosing practices were the same for both the year except the ONGC. 4 companies disclosed more than the 7 items except the BPCL in both the year. Companies did not disclose about the Practices related to customer satisfaction, including results of surveys measuring customer satisfaction and Total number of substantiated complaints regarding breaches of customer privacy and losses customer.

- **Global Fortune 50 sample companies**
  - Disclosing practice were same for both the year. Statoil and Chevron disclosed 6 and 2 item in the year 2011-12 and nil in the year 2012-13. Except two companies other companies disclosed very less or no items.

- **NSE Nifty sample company’s practices** were better as compare to the Global Fortune 50 sample companies. Indian sample companies and Global Fortune 50 sample companies’ average disclosed items and SD were 7.4 & 6.8 and 3.2 & 4.8, 2.07 & 1.92 and 3.83 & 2.92 correspondingly for the year 2012-13 and 2011-12.

12. **Overall disclosing of the sustainability reporting practice according to the Global Reporting Initiative:** To evaluate the overall disclosing practice of the sustainability reporting...
practice according to GRI 132 items have been consider. These items have been evaluated on the basis of % of total disclosing items. Other than this there are different hypothesis have been testified. To test the hypothesis T-Test has been considered. The results of disclosing practice and hypothesis are the following:

Percentage of items disclosed:

- **NSE Nifty sample companies:** In the year 2011-12 except one company remaining 4 companies disclosing practice were less than the 90%. But in the year 2012-13 this was vice-versa. Excepting one company remaining 4 companies disclosing practice were more than the 90%. In the year 2012-13 average disclosing practice have been increased by 4.4% and SD have been decreased by 4% as compare to the previous year.

- **Global Fortune 50 sample companies:** in both the years excepting one company remaining all the companies disclosing practice were equal and less than the 80%. One company’s disclosing were 99% for both the year. Average disclosing has been decreased by 1% from the previous year and SD has been increased by 2%.

- From the above result it can be conclude that Indian sample companies disclosing practice were good as compare to the previous year for both the years.

**Hypothesis testing:**

**H$_0$:** there is no significant difference in the disclosing practice of the NSE Nifty sample companies between the years 2011-12 and 2012-13.

**H$_1$:** there is significant difference in the disclosing practice of the NSE Nifty sample companies between the years 2011-12 and 2012-13.

Calculated t value (.33) is in between 2.776 and -2.776 at the 0.05 significance level and 4 degree of freedom. The calculated t value falls in the acceptance region. Hence the null hypothesis is accepted.

**H$_0$:** there is no significant difference in the disclosing practice of the Global sample companies between the years 2011-12 and 2012-13.

**H$_1$:** there is significant difference in the disclosing practice of the Global sample companies between the years 2011-12 and 2012-13.

Calculated t value (.89) is in between 2.776 and -2.776 at the 0.05 significance level and 4 degree of freedom. The calculated t value falls in the acceptance region. Hence the null hypothesis is accepted.
This means there is no significant difference in the disclosing practice of the Global Fortune 50 sample companies between the years 2011-12 and 2012-13.

H0: there is no significant difference in the average disclosing practice for both years between NSE Nifty sample companies and Global Fortune 50 sample companies.

H1: there is significant difference in the average disclosing practice for both years between NSE Nifty sample companies and Global Fortune 50 sample companies.

Calculated t value (.19) is in between 2.776 and -2.776 at the 0.05 significance level and 4 degree of freedom. The calculated t value falls in the acceptance region. Hence the null hypothesis is accepted. This means there is no significant difference in the average disclosing practice for both years between NSE Nifty sample companies and Global Fortune 50 sample companies.

CONCLUSION

according to the hypothesis testing it can be concluded that Indian sample companies reporting practice and global sample companies reporting practice is not significant different, because change in the SD were not significant different. But considering the particular items it can be concluded that, corporate reporting practice were same and mostly disclosed by the companies. Other parameters like environment, social security, product responsibility performance, labour practice and human right reporting practices were different. Indian companies reporting practice good as compared to global companies. But these differences were not significant.

REFERENCES

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